



Guide
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Global talent gazetteer

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FOREWORD

With the increase in globalisation, more organisations are operating across international borders and dealing with the complexity that brings. In order to manage people in different countries, HR professionals need to take into account not just the economic and workplace aspects but the cultural and institutional environments which shape the workplace. Being aware of the political, economic, social and technological environments in which we work isn't a 'nice to have'; it's a necessity. We need to consider the impact of these factors upon people's attitudes and expectations at work when designing and implementing people management policies. Looking at these issues through the lens of talent development helps us to understand the role of HR and people management in the wider society. For example, poor management and poor industrial relations are often connected to poorly trained managers and poorly developed workforces. Immigration patterns often have consequences for talent development. A paucity of skilled talent is often attributable to the poor quality of schooling and this has direct impact on employers, who take on much more of a training role in some countries. So the talent infrastructure, the supporting foundations of school and, where relevant, vocational and academic education are all critical. So too is the wider people management environment

Last year we produced a report looking at people management in the BRIC (Brazil, Russia, India and China) countries (CIPD 2010) through that approach. The purpose of this report is to extend this coverage to a range of additional countries worldwide. We have therefore chosen 16 countries that are seldom examined in detail, within three geographical regions– Europe, the Middle East and Asia Pacific – and provided an analysis of talent development in its political, economic, cultural and institutional context in each. We don't claim to give the last word but we do marshal some of the most relevant and up-to-date information on the critical factors that impact talent development. We have called it a global talent 'gazetteer' and we will update it to help HR professionals understand the changing talent development landscape in the nations in which their companies operate.

Within Europe we have focused on four countries within Eastern Europe – Hungary, Poland, Bulgaria and Romania – as well as Turkey and Switzerland, countries that, though not within the EU, are economically integrated. In the Middle East we have taken four of the countries within the Gulf Cooperation Council – Bahrain, Qatar, Saudi Arabia and the United Arab Emirates – as well as Egypt, pivotal in terms of geography and population. In the Asia Pacific region we have focused on Malaysia, Vietnam, South Korea, Indonesia and the Philippines. With the exception of Switzerland, all of these countries have been chosen because of the recent increase that they have seen in foreign investment and therefore the increased likelihood of being encountered as operating environments. This report draws on information from a number of sources, outlined in Appendix 4. Overall, we seek to map the territory of talent development in a diverse range of countries. We hope HR professionals will find it informative and insightful and, like a good map, it will help them find their way around.

Context

This puts the country in context, with a potted history and brief discussion of the key milestones in recent development, to acquaint HR professionals with the country quickly.

Talent infrastructure

This looks at the bedrock issues of schooling and education as well as government and business support for learning and talent development where appropriate. This is a crucial aspect of the HR operating environment and familiarity with that is essential to decision-making.

Talent environment

This looks at the legal, institutional and political issues such as the influence of trade unions and employers and the nature of labour protection. Again these are all important issues, but are sometimes overlooked when considering a country's talent development prospects.

Culture and society

This covers the important social and religious issues that define how talent is developed and managed and that must be taken into account. These issues, if mishandled or misinterpreted, can make a big difference.

People management challenges

This places the broad HR drivers within the context of these key issues, giving examples of the key people and performance issues within each country.

EXECUTIVE SUMMARY

This report examines the cultural and institutional environment in a number of countries worldwide and the potential impact of the characteristics of national context on talent management and human resource management in each country. This is important given the increase in the number of organisations operating across national borders and the increase in foreign investment in many of the countries that we have examined.

Europe

Hungary

In Hungary the key issues are the low rate of participation in the workforce and high unemployment. While Hungary is moving towards Western-style HRM practices, there is a need for investment in training and development and performance management as well as to improve pay and benefits to be competitive internationally.

Poland

HRM is developing in Poland but still remains mainly transactional or administrative. The key issues are to develop appropriate recruitment and talent management systems in order to address the skills shortages in the country. In addition, recruitment and selection practices generally, while developing, are still relatively unsophisticated.

Romania

In Romania, while HRM practices are gradually becoming more Westernised, talent management is still not seen as a priority for managers. Therefore, communication about the purpose and value of talent development is essential. Training and development is also particularly important as skill levels within the country are low.

Bulgaria

In Bulgaria, there is a need for increased professionalism and the use of best practice HRM, meaning that evaluation of the HR function is also important. HRM is still developing as a function and its position in organisations is strengthening. In addition, recruitment and selection is important due to the loss of skilled workers overseas. Talent management should therefore come into its own.

Turkey

HRM is still developing in Turkey and therefore is relatively weak in some organisations. There is a strong emphasis on education in the country generally, meaning that training and development are at the top of the list. In addition, career management is important. Talent development is increasingly being used as the preferred strategy

Switzerland

In Switzerland an ageing workforce poses potential future problems for the supply of talent. Increased competition in recruiting and retaining younger employees, and hardening attitudes to immigration are also pressing. Switzerland has a culturally diverse workforce generally so an emphasis on diversity is needed. Training and development are a high priority in Swiss organisations and there is an emphasis on 'growing your own' managers.

Middle East

United Arab Emirates

Talent development is focused upon Emiratisation. Changes in practices such as working hours and rewards may be necessary to accommodate Emirati nationals. Women are underrepresented in the workforce, so practices need to be developed that make it easier for them to work.

Saudi Arabia

The move away from expatriate talent and skill shortages among the local population mean that competition for recruiting talented workers is strong. Employers are under acute pressure from the Saudi government to employ Saudi nationals rather than expatriates, when developing their workforce.

Bahrain

Recent reductions in the workforce, driven by cost-cutting, need to be redressed to instigate a talent development ethos for the workforce. Related challenges for HR include developing more sophisticated approaches to the workforce. 'Bahrainisation' of the workforce through reduced reliance on expatriates requires the focused development of skills among local talent.

Qatar

There is a pressing need to develop a skills base capable of meeting the challenges of technology and technological innovation to support the country's aspiration of becoming a knowledge economy. Talent development through the expansion of entrepreneurial business and the development of SMEs (small and medium enterprises) require considerable investment in the training and development of local talent.

Egypt

Egypt has high unemployment rates among young people and women. Up-skilling and re-skilling following lay-offs remains one of the key issues in talent management as many people are employed in semi-skilled labour. However, a free education system provides a solid platform for a talent pipeline for the future. Recruitment and selection practices that are clear and participatory are necessary to facilitate the productive use of talent.

Asia Pacific

Indonesia

Creating employment for a massive growing population while developing the skilled talent for its role in the world's highest growth region is the talent challenge in the archipelago. Reconciling the conflicting demands of government, unions, religious interests and foreign investors shapes the challenge for HR generally. Building dilapidated talent infrastructure into fit-for-purpose education and training is therefore crucial.

Malaysia

A key issue for talent development and management in Malaysia is the need for HR to establish their credibility due to cultural issues such as communication style and the hierarchical nature of society. This can work against innovative learning and talent initiatives. Skills shortages and ethnic tensions pose major challenges to talent development. Resolving the differences between unionised and non-unionised organisations, pay systems and the diversity of the employment population are also on the to do list of talent and learning specialists and HR professionals.

South Korea

Job insecurity in South Korea, with the end of lifetime employment and the decline in heavy industry, requires more nimble talent management. One challenge to growing local talent is the engagement of the workforce in self-development. There is also a need for soft skills such as leadership to facilitate motivation and communication skills to support the ability to tackle performance issues.

Vietnam

Talent development needs to be more sophisticated in its approach to the management of people particularly in dealing with ethnic diversity. A key challenge for talent professionals is in raising the skills standards of workers drawn from the agricultural sector. A related issue is the alignment of learning and talent programmes with supply chain issues to satisfy fair labour concerns. This requires a step-change in management skills and working with the cultural grain to drive change.

The Philippines

Youth unemployment is a crisis situation that is undermining the development of talent throughout the country. There is also a need to move from a cost to an asset view of people, to facilitate training and development, particularly for youth, to support talent development and flow.

EUROPE

Much attention has been paid to the nature of human resource management in Europe over recent years, with information about Western Europe and the countries that were members of the European Union prior to 2004 readily available. Indeed, foreign investment in these countries is well established. Rather than repeat this information, this section will focus on six countries about which less information is available. Europe is an interesting area because, despite a vast body of research that aims to establish a 'European' model of HRM, there are actually significant differences between the countries within the continent. Indeed, different areas of Europe are dramatically different in terms of both national culture and the institutional contexts. We will therefore not attempt to provide characteristics of this geographical area as a whole but will focus on the nature of individual countries and the potential impact of these environments on human resource management.

Firstly, we will focus on four countries from within the Central and Eastern European (CEE) region – Hungary, Poland, Bulgaria and Romania. These countries are interesting, not only because of the significant increase in foreign investment in recent years, but also because of the dramatic transition experienced since the fall of communism in the 1980s and 1990s. In addition, these four countries have recently joined the EU (in 2004 or 2007). Secondly, we will look at Turkey. Turkey is interesting to us because, while it has encountered significant changes over the past three decades, coupled with an increase in foreign investment in the same way as the CEE countries above, its cultural and institutional environment is very different. Turkey is also of interest because it is currently applying for accession to the EU. Finally, we will focus on Switzerland, a country that has long experienced a high degree of foreign investment but is not an EU member.



Hungary

- HRM is generally developing with a move towards Western-style practices.
- There is a need for investment in training and development and performance management.
- Pay and benefits in Hungarian companies are generally not competitive internationally.
- The generally low rate of participation in the workforce and typically high unemployment might have an impact on the nature of recruitment and selection practices used.

Population (Q1 2010; millions)	10.0
GDP per head (2009; per capita \$000)	15,410
Employment (2009; %)	54.6
Male unemployment (2009; %)	9.2
Female unemployment (2009; %)	10.9
% of GDP spent on education	5.4

Source: Euromonitor International (2010).

Context

Up until recently, Hungary was relatively weak economically, experiencing high unemployment and inflation. From the turn of the millennium onwards, Hungary has experienced significant growth in GDP as a result of increasing privatisation and dramatic changes in the political, legal, social and economic systems. The private sector now accounts for 85% of GDP and foreign investment in Hungary is increasing. By the end of 2005, Hungary had experienced growth in the economy and falls in unemployment and inflation. However, it is estimated that a quarter of the population still lives in poverty.

Talent infrastructure

Hungary has a labour force of approximately 4 million people, who are generally highly educated and highly skilled. Roughly two-thirds of the employed population has completed some secondary, technical or vocational education and most young Hungarians speak English or other Western languages. Hungary performs above average in terms of schooling performance according to the widely used PISA comparison of school

performance in mathematics, English and science compiled by the Organisation for Economic Co-operation and Development (OECD) (OECD 2010). The low rate of labour market activity has been a problem in Hungary. This has been worsened by the ageing workforce and pension system in Hungary.

Talent environment

The transition of Hungary into a market economy has led to a changed labour law environment with the implementation of the New Labour Law for the private sector in 1992. A reform programme for the public sector was also introduced in 2006. In addition, a right to work statute is no longer adopted, meaning that some individuals had great difficulty in finding work. This is a challenge for the talent development professionals to ensure that those cosseted by Communist era protection can be integrated into productive employment. Another consequence of the fairly rapid transition to a market economy is that differentials have widened (particularly for managers and skilled workers). In addition, trade union membership is dropping as they lose influence. A World Bank report (2005) suggested that the 'greatest change since transition has been the shift from secure, though not highly rewarding, employment, to less stable jobs with greater earning potential'. Transition though is a double-edged sword. A restructuring of the welfare system has led to an increased burden on employers and workers, with social security contributions totalling 33.5%.

Culture and Society

Hungary has one of the most complex and sophisticated societies of the post communist era and Hungarian people have maintained their challenge to authority. In political terms Hungary has always been very fairly liberal but recent political movements such as the challenge to press freedom by the ruling Fidesz party and the rise of the paramilitary Jobbik party will concern business. The avowedly racist Jobbik party took three seats in the last election and provoke anti-Jewish and anti-Gypsy feeling. The east of the country

with high unemployment has seen a great deal of threatening, racist activity with attacks against the Roma and Jewish community particularly prevalent. These tensions can come into the workplace and have to be carefully managed. Both business and the ruling centre right party, Fidez, have challenged extremists as a threat to Hungary's role in the EU and the global economy. However, the legacy of its past and the urban/rural and regional split within Hungary mean that these tensions run deep.

People management challenges

In order to adapt to globalisation, companies have had to adopt new systems and practices. Under the old system, employees typically had little respect for supervisors and even low-level jobs were maintained in order to achieve full employment. The HRM philosophy followed an industrial, production bias and separate HRM systems were maintained for white collar and blue collar workers. High levels of performance were rare and mediocrity was generally accepted. Individual responsibility and accountability were avoided where possible (Poor 2009).

Poor (2009) provides some useful information about the nature of human resource management (HRM) in Hungary. This research demonstrated an increasing focus on HRM systems and strategies and some movement towards the Western or US model of practising HRM. However, there is also some evidence of a number of weaknesses in HRM practice in the country that should be considered. First, training and development and performance management appear somewhat insufficient. Poor (2009) suggested that additional investment in training and development is needed and may lead to improved business results. The same is true of pay and benefits, with Hungarian companies lagging behind Western companies in the pay and benefits offered.



Poland

- HRM is developing but still remains mainly transactional or administrative at present.
- Appropriate recruitment and talent management systems should be developed to address the skills shortages in the country.
- Recruitment and selection practices generally, while developing, are still relatively unsophisticated.

Population (Q1 2010; millions)	38.0
GDP per head (2009; per capita \$000)	13,850
Employment (2009; %)	61.5
Male unemployment (2009; %)	7.3
Female unemployment (2009; %)	9.3
% of GDP spent on education	4.9

Source: Euromonitor International (2010).

Context

Poland is the largest of the new European Union (EU) states, with a population of just over 38 million people. In 2009 Poland was the best performing of the EU economies with 1.8% growth. Despite this, poverty in the country is still widespread, particularly in rural areas, and Poland still suffers from high unemployment, underdeveloped and dilapidated infrastructure, and a poor rural underclass. There is also a severe talent drain to Western Europe causing prolonged talent shortages. This is exacerbated as foreign direct investment (FDI) relocates to Poland from higher-cost areas of Europe.

Talent infrastructure

The educational level of the Polish population improved from 2002 onwards, with an increase in the percentage of the population completing higher education degrees from 2% in 1990 to 12% in 2004. Education is generally good. Poland performs above average in terms of schooling performance, according to the widely used PISA comparison of school performance in mathematics, English and science compiled by the OECD (2009).

However, the country faces some specific problems when it comes to attracting talented individuals into organisations. The high unemployment rate is coupled with an increasing demand for highly qualified workers that exceeds the available supply. Those who are unemployed tend to be those with inadequate skills. This is partly due to the educational system in Poland. The structure of degree programmes is dominated by social sciences, law and business. Poland has a relatively low proportion of students following degrees in science, technology, engineering and maths (STEM skills). In addition, Poland has lost many of its skilled technical and craft workers to Western Europe, particularly since joining the EU in 2004. Listwan, Poczowski and Stor (2009) describe this technical talent drain as a threat to the viability of Polish companies; however, the country's entry into the EU has also led to increased cultural diversity and interchange which helps to open Poland up to the world. As Polish workers experience life in other European countries they challenge many of the conservative mindsets which had dominated the country. This cosmopolitan effect means that attitudes to issues such as race and sexuality are very different in those 2 million Poles who have migrated abroad, with a considerable impact on the remaining population (*The Economist* 28 January 2010).

Talent environment

Poland was at the forefront in the reform of communism and undertook comprehensive restructuring to dismantle the command economy and make the transition to a market economy. These reforms included the introduction of personal and corporate income tax and value-added tax and the lifting of state-controlled prices to allow prices to be driven by market forces. A recent study by the World Bank put the Polish tax system at 151st out of the 183 countries surveyed in terms of tax transparency and ease of payment. But some improvements are under way, including online tax filing and faster customs clearance. A new law has liberalised the housing market, allowing short-hold tenancies. That should

encourage labour mobility, allowing Poland's workers to move within the country in search of work, rather than emigrating. It can be easier to make a weekly commute to Britain by air than between Polish cities by road. In addition, Poland has seen a drop in the contribution of heavy manufacturing to its GDP and an increase in the importance of lighter manufacturing such as car parts and a big increase in the service sector (Listwan, Poczowski and Stor 2009).

Culture and society

Culturally, Poland has, in terms of the Hofstede cross-cultural approach, a high level of uncertainty avoidance, a middle level of power distance and a high level of individualism, masculinity and inner control (see Glossary – Appendix 3). There is also a traditionalist focus typical in a highly religious country and arising from the privations of communism a survival-orientation concentrating on economic and physical security. However, these differences need to be seen in the context of different generations. While they are true to a large extent for the older population, there is some evidence that younger people and especially university students have very different cultural values, emphasising self-expression and quality of life and experience.

People management challenges

Attracting and retaining highly skilled and talented individuals requires a relatively sophisticated level of HRM practice. HR has traditionally been seen as a low-level function in Poland but this is changing. In addition, an improvement in the state of knowledge about HR through an increase in its profile on business courses in Polish universities has impacted on the nature of the function. However, the role of HR remains mainly administrative within Polish organisations (Listwan, Poczowski and Stor 2009).

To take an example: The nature of recruitment and selection has undergone a significant transition since the fall of communism. Previously, key positions in organisations were reserved for those showing loyalty to the Communist Party, nepotism was common and managerial positions were rarely available to those outside of the party. Since 1989 recruitment practices have become more rational and based on merit. However, recruitment is still seldom based on job analysis, and often reliant on internal recruitment methods.



Romania

- HRM might still not be seen as a priority for managers so communication about the purpose and value of the HR function is essential.
- HRM practices are gradually becoming more Westernised.
- Training and development is particularly important as skill levels within the country are low.

Population (Q1 2010; millions)	21.4
GDP per head (2009; per capita \$000)	9,300
Employment (2009; %)	61.5
Male unemployment (2009; %)	7.7
Female unemployment (2009; %)	5.9
% of GDP spent on education	4.4

Source: Euromonitor (2010),
Economist Intelligence Unit (2010).

Context

Romania's transition was slower than that of many other CEE countries due to the cautious approach from successive governments to market-oriented reforms (Poor and Plesoianu 2010). This delayed the structural changes needed and led to additional difficulties for the country over and above those inherited from the previous regime (Rodriquez-Planas and Jacob, 2009). Romania has undergone further changes as a result of joining the European Union (EU) in 2007. These changes have led to a need for the modernisation of the public sector and to changes in management practices generally. Accession to the EU has also had major consequences for the supply and quality of talent.

Talent infrastructure

Basic education in Romania is not as developed as that in other East European countries. Education is generally poor and Romania performs below average in terms of schooling performance, according to the widely used PISA comparison of school performance in mathematics, English and science compiled by the OECD (2009).

A number of labour programmes have been adopted in Romania to try to address training and development issues inside the workplace. These include training and retraining for those lacking basic skills or assistance for self-employment, subsidised labour in regions with the least economic opportunities and public employment and relocation services. Rodriquez-Planas and Jacob (2009) found that, with the exception of subsidising labour, these schemes had had some success in improving individuals' employment prospects. However, it is likely that unemployment and low skill levels will continue to be a problem in Romania for some time to come, therefore continued efforts need to be taken to develop individuals and provide the capabilities those organisations in the country need.

Talent environment

Unemployment has been a problem in Romania, peaking at 11.5% in 1999. It is now more on a par with most European countries, though differences in welfare entitlement and the classification of work make comparison difficult. However, the problem of dislocated workers in Romania is greater than the unemployment figures suggest. During the 1990s, Romania limited unemployment by adjusting wages downwards and using early retirement programmes. This pushed productive but higher-paid people into low-paid, low-productivity jobs. Trapped in this 'low skills equilibrium', countries such as Romania are just as vulnerable to low-cost competition from emerging countries as is old Europe since they tend to have lower productivity and higher unit labour costs. Their challenge is to lift people into higher paid more productive jobs. In addition, just under a third of the workforce is employed in agriculture, possessing low skill levels, and there are a number of borderline employment categories such as unpaid family helpers, involuntary part-timers or people in unpaid leave. This means that employment levels in Romania are substantially overstated (Rodriquez-Planas and Jacob 2009).

Culture and society

Religion is a significant factor in Romania. The majority of citizens (90%) follow the Romanian Orthodox religion and the Church is regarded as the most trusted institution in the country. There is also a strong emphasis on helping extended family, which may have consequences for the labour market. The country is high in power distance and uncertainty avoidance and relatively low in masculinity, in Hofstede's terms (see Glossary). An additional issue is the cultural difference between those who have headed west, primarily to Italy, France and Germany, and those who have remained behind. The Romany population in particular has been exploited, with discrimination widespread. A three-country agreement between Romania and neighbouring countries brokered by the International Labour Organization (ILO) seeks, at least in principle, to tackle this (ILO 2010).

People management challenges

Since the development of a market-based economy, human resource management in the country has undergone a 'gradual Westernisation' (Poor and Plesoianu 2010), with highly skilled workers recognised as providing a competitive advantage for organisations. This has led to a considerable demand for graduates with up-to-date technical and managerial skills and has resulted in greater differentiation in pay and benefits structures. In addition, communication and interpersonal skills are now more highly evaluated and rewarded, and the power of the trade unions has been eroded, although unions are still influential in Romania.

All researchers seem to agree that there has been an increased focus on training and development (Constatin et al 2006, Joldes and Horobet 2008) as employers strive to develop the skills and capabilities that they need to be competitive.

However, there is a long way to go: research conducted by the World People Management Federation (WFPMA) and Boston Consulting Group (WFPMA/BCG 2010) concluded that the areas of people management that needed most urgent attention within Romania were:

- managing talent
- improving leadership development
- improving performance management and rewards
- enhancing employee engagement.



Bulgaria

- HRM is still developing as a function and its position in organisations is strengthening.
- There is a need for increased professionalism and the use of best practice HRM, meaning that evaluation of the HR function is also important.
- Recruitment and selection is important due to the loss of skilled workers overseas.

Population (Q1 2010; millions)	7.5
GDP per head (2009; per capita \$000)	6,550
Employment (2009; %)	63.4
Male unemployment (2009; %)	6.1
Female unemployment (2009; %)	7.6
% of GDP spent on education	4.1

Source: Euromonitor (2010),
Economist Intelligence Unit (2010).

Context

Bulgaria's transition to a market economy happened under conditions of continuous economic, political and social crisis, culminating in 1997 when the country entered an inflationary spiral (700% inflation). The standard of living fell sharply and quality of life worsened (Vatchkova 2009). However, the economy stabilised after 1997 and powered ahead, driven by record levels of foreign direct investment. This lifted growth to 6–7% per year. Within a European recession, this trend had almost reversed into a 6% fall in growth. However, things are recovering as Germany, a significant export market, pulls out of recession quickly. The central bank expects the economy to grow by 0.5% and to grow further as it Bulgaria becomes integrated into the European economy.

Talent infrastructure

While it has a high literacy rate and good scores in certain non-official comparisons, Bulgaria's educational performance is mixed. The country performs just below average in terms of schooling performance, according to the widely used PISA comparison of school performance in mathematics, English and

science compiled by the OECD (2009). Only 50% of the population are engaged in post-secondary education, though there are some good-quality technical universities.

Like many Eastern European countries, Bulgaria has suffered from the loss of many skilled workers to other EU countries. This shortage of qualified and specialist workers has led to a focus of many companies on improving their recruitment and selection practices to attract talent (Vatchkova 2009). Vatchkova also concluded that selection strategies had moved away from being based only on documents, to using individual interviews – again becoming closer to Western European practice. The use of appraisals has increased and the career development opportunities offered to staff had improved between the 1996 and 2003 Cranet surveys. There was also a significant increase in the investment made by organisations in training and development.

Talent environment

In terms of the industrial relations environment, the Labour Code in Bulgaria has been revised and the Bulgarian legal framework for the labour market has been harmonised with the EU. As with many CEE countries, the influence of trade unions in Bulgaria has dropped in recent years, although trade unions are still a major participant in the collective bargaining process (Vatchkova 2009). Labour law and the environment for talent development are generally favourable, with many of the rules and regulations of the communist era thoroughly discarded. The risk in such countries, however, is that management swings over to a harsh and pace-setting form of control. Good talent development of both managers and employees is therefore critical.

Culture and society

Bulgaria is relatively secular and is closer in culture to Greece and the Balkan countries than its neighbours.

Bulgaria also has a considerable Turkish minority (10%) and a sizeable Roma minority who suffer discrimination. Bulgaria is high on the Hofstede cultural dimension of femininity, meaning that managers are concerned with solidarity in the workforce and being less directive and demanding of employees. This can be both good and bad, as often such behaviours when overused lead to a lack of decision-making and initiative just as the opposite, high masculinity, can shade into bullying and harassment (Hofstede, 2004). The country is also high on the attendant power distance (see Glossary of Hofstede terms in Appendix 3).

People management challenges

The collapse of the socialist state and more recent entry into the EU has led to a change in the model of managing people. These factors have led to the introduction of HRM approaches and techniques that are new to Bulgaria.

Research using Cranet data (Vatchkova 2007, 2009) has also demonstrated significant changes in the nature of human resource management (HRM) in Bulgaria in recent years. This is not surprising given the transition that the country itself has undertaken. For example, Cranet data has provided some evidence to suggest a strengthening of the position of HRM, shifting from being a mainly administrative function to a more strategic one, in line with HRM in Western organisations. This is evidenced through a growing interest in improving the dialogue between top management and the HR function and the need for the HR function to add value to the business via the competitive advantages obtained through people. Vatchkova concludes that an increasing number of the HRM practices used in Europe have also become day-to-day practices in Bulgaria. For example, 75% of Bulgarian respondents to the Cranet survey had a

separate HR department, while 30% of HR managers were on the board of directors or equivalent in 2003. Despite this, Bulgarian line managers usually take the lead in determining HRM policies, although HR practitioners do share this role in some areas, such as selecting employees or changing staffing levels in the organisation. Bulgarian companies also showed high penetration of information technologies in the HRM function.

HRM has changed dramatically in Bulgaria since the fall of communism and the country's accession to the EU, with many companies adopting Western-style practices. However, the HR function is still often unstable, unpopular and is not strategic in its orientation. Vatchkova (2009) concludes that HRM in Bulgaria needs to meet four important challenges: first, increasing professionalism in HRM services; second, introducing systems for HRM in large companies; third, the use of 'best' practice HRM in SMEs; and, finally, higher control over the quality of all HRM activity.

Research from the WFPMA/Boston Consulting Group (2010) concluded that the areas of people management that most urgently needed attention in Bulgaria were:

- managing talent
- improving leadership development
- enhancing employee engagement
- improving people management and rewards.



Turkey

- HRM is still developing and therefore is relatively weak in some organisations
- There is a strong emphasis on education, meaning that training and development are important
- Career management is particularly important.
- The close-knit, collectivist culture of people management has an impact on HRM, particularly on recruitment and selection and general management style.

Population (Q1 2010; millions)	71.4
GDP per head (2009; per capita \$000)	9,940
Employment (2009; %)	40.6
Male unemployment (2009; %)	14.1
Female unemployment (2009; %)	13.9
% of GDP spent on education	2.9

Source: Euromonitor (2010).

Context

Turkey is a large country at the confluence of Europe and the Middle East. It shares borders with countries as diverse as Greece, Iraq, Bulgaria, Georgia and Iran. With a large population and a patchwork of ethnic identities, it faces many challenges. The economy has faltered recently in face of the global financial crisis, although this has not derailed the path of economic growth as Turkey builds up its industrial base and, increasingly, services as a share of GDP.

Talent infrastructure

Great emphasis is placed on education by the Turkish Government as it is recognised as important for Turkey's economic, technological and social development (Caspi et al 2004). Secondary schooling is below average by international standards, according to the widely used PISA comparison of school performance compiled by the OECD (2009).

One of Turkey's main goals is to develop higher education to match that in the rest of the globalised

world in terms of both quality and quantity. There are currently 71 universities in the country, of which most are state universities. Interestingly, and important for future career management, students are admitted to Turkish universities through a standard centralised entrance exam that takes place once a year. This means that there is often a mismatch between their interests or abilities and their job. Firms therefore need to take on a major training and development role in ensuring that young people are equipped for skilled and professional jobs, which many largely humanities- based exams ill prepare them for. Government has attempted to address this problem by developing routes into technical and vocational education. However, Turkish employers are denied the flexibility common in Europe in terms of the ability to vary hours and conditions. First, most formal full-time employment is restricted by a heavy template of labour regulations, for example. Secondly, even in skilled key roles, it is difficult to tap foreign talent as work permit rules don't allow it.

Unemployment is relatively constant in Turkey at between 6% and 7%. Almost two-thirds of the employed workforce in Turkey is male. However, women do play an increasingly active role in the economy. One of the main drivers of the economic growth in Turkey is the availability of young and educated people . More than half of the population are under 30 years old. According to the Economist Intelligence Unit (IEU), low-skilled labour is abundant.

Talent environment

The restrictive legal environment brought about by the laws of 2002 is being eased, as Turkey calibrates its labour market towards EU membership at some point in the next decade. The new reforms enshrine modern regulations compatible with international practice, such as the right to strike, freedom of association in trade unions and other reforms. These will be accompanied by flexibility to make it easier

to dismiss poorly performing employees, and will leave the way open to developing more flexible forms of employment. Despite these reforms, the people management process are skewed somewhat in favour of organised labour, however, there is a huge amount of latitude for employers to get round the legislation. Many use informal labour, without protection which is often exploited. Foreign firms, especially in areas such as textiles, footwear and light manufacturing, who see Turkey as a low-cost hinterland for Europe and the Middle East, need to be aware that rising unit labour costs are eroding the differential. Though Turkey is, according to Eurostat, the 27th and lowest ranked in Europe in terms of wage costs, there are lower-cost economies to the east, particularly the Ukraine and central Asian republics and in the Maghreb countries and Egypt, which produce similar high-volume, low-margin goods.

Culture and society

Turkey is generally a moderate Muslim nation, though it has pockets of extremism and a fairly active Islamic culture. Culturally, Turkey is a blend of Western and Eastern values (Aycan 2001). The country has a collectivist culture, although there is some suggestion that it is becoming less collectivist over time. Turkey is low in performance and future orientation but high in paternalism, meaning that people in authority can be expected to assume paternalistic roles and often consider it their job to provide support and protection to their subordinates. Similarly, employees reciprocate such care, support and protection by showing loyalty, deference and compliance.

People management challenges

A key role for HR in Turkey is to lift productivity and aid competitiveness. Turkey is no longer a low-wage but a medium-wage cost country, and elements such as learning and development, properly planned reward and appropriate performance management are critical to ensuring that the country competes. Significant capital investment has been ploughed in and the country needs to drive value from that investment. HR has a critical role, but though there are signs of innovation, conservatism and bureaucracy stifle the ability of HR to deliver for the business. When added to the significant problems in the bloated public sector, with its longstanding wage agreements, it is clear that a new focus on flexibility and productivity is needed. Aydin (2010), in a comparison of HRM in Turkey with that in Hungary, reports that Turkish organisations tend to have large HR functions that are divided into more than one level hierarchically and into sub-units such as recruitment and selection or training and development. Aydin goes on to report that while both countries have written policies for training and development, Turkish companies are more likely to have written recruitment and selection and career management policies. The need for a greater focus on performance and productivity is therefore the key driver for HR.



Switzerland

- Switzerland has a culturally diverse workforce so an emphasis on diversity is needed
- The workforce in Switzerland is ageing, causing potential future difficulties and increased competition in recruiting and retaining younger employees
- HRM appears to be fairly strategic and makes high use of technology
- Training and development are a high priority in Swiss organisations and there is an emphasis on 'growing your own' managers.

Population (Q1 2010; millions)	7.8
GDP per head (2009; per capita \$000)	64,330
Employment (2009; %)	80.8
Male unemployment (2009; %)	2.8
Female unemployment (2009; %)	5.6
% of GDP spent on education	5.3

Source: Euromonitor (2010).

Context

It's difficult to find more of a contrast between the countries described so far and Switzerland, which is very much part of 'old Europe'. With its strikingly modern economy, high-tech and knowledge-based industry and small, highly educated population, Switzerland seems like an exception in this collection of emerging countries. Its integration with, but not into, Europe and its lucrative and business-friendly environment make it a country in which many major firms and international bodies are based. Its high-quality public services and general air of affluence should not blind us to its cultural and social problems and its dependence on foreign talent. Broadly, the economy in Switzerland is divided into three sectors: agriculture, industry and services. Agriculture is considered the primary sector and is strongly supported by government despite the fact that less than 10% of the population work in this sector. Approximately 40% of the population work in

industry (the secondary sector) and over 50% work in services. Female participation in the workforce has increased slowly and now stands at about 40%. Like most European countries, Switzerland has an ageing workforce, which has only partially been offset by immigration.

Talent infrastructure

Education is generally excellent in Switzerland. The country performs above average in terms of schooling performance, according to the widely used PISA comparison of school performance in mathematics, English and science compiled by the OECD (2009).

Switzerland claims to have one of the best education systems in the world, with a high emphasis on investment in human capital (Erten et al 2006). Swiss teachers are particularly well paid compared with those in other countries. The Swiss educational system focuses on developing a wide range of skills, and is split into a vocational and academic educational path. As most people take the vocational career path, Switzerland has a particularly small number of students taking academic subjects but great proficiency in the core subjects of literacy, numeracy and science. Vocational education is taken up by corporate industry and development programmes once individuals leave school. University students usually enter the labour market between 24 and 26 years old. Yet despite all of this support for education, Switzerland is not particularly good at growing its own talent.

The economy depends on foreign workers attracted by high wages and living standards and favourable tax laws. For example, more than two-fifths of management positions are filled by non-Swiss employees. Migration of labour from the EU under an EU-Swiss accord on freedom of movement is plugging long-term gaps. The short-term pressures have abated because of the sluggish rate of growth as Switzerland adjusts to the global financial crisis. This, however, may

not last and skills problems could hit Switzerland hard in the future. In addition, the Swiss government has shown a willingness to impose quotas on immigration when necessary and this is aimed at a 'Swiss jobs for Swiss workers' approach. However, pressure from businesses anxious to retain and attract globally mobile talent has softened the government's resolve.

The emphasis on education and development can be seen to follow through into organisational training in Switzerland as Swiss organisations spend a relatively large proportion of their payroll bill on training and development activities.

Talent environment

Under the Swiss Constitution, adopted in 1999, Switzerland is a confederation consisting of 26 cantons that each has a degree of autonomy. The political system in Switzerland is one of direct democracy. Labour law is developed at confederation level. The Swiss Constitution prohibits all forms of discrimination, prescribes equal treatment for men and women and equal pay for work of equal value. While not a member of the European Union (EU), Switzerland's bilateral agreement with the EU allows free occupational mobility between territories, including free choice of employer, employment and occupation as well as freedom to change places of work and residence.

Culture and society

Switzerland is somewhat unusual as it doesn't really have a national language (Rumansch is spoken by only 0.5% of the population). Instead, the country's communities speak one of three major languages – French, German or Italian – and have cultural ties with one of the larger countries that neighbours them. This means that each community (based around each of the three languages) has different cultural traditions

and customs. Overall, the Swiss can be described as fairly pragmatic and consensus oriented with a high commitment to federalism (Brewster et al 2004). However, worrying developments such as the banning of minarets in some cantons show the dark side of this cohesive community.

People management challenges

Research using data from the Cranet survey (2010) provides us with an insight into the nature of HRM in Switzerland. A relatively high proportion of Swiss companies have the HR director in a position on the board of directors (63%). In addition, over half of the organisations stated that the HR director was involved in the development of business strategy from the outset, suggesting that the HR function occupies a fairly strategic role in this country. HR functions in Swiss organisations also appear to commonly use technology for HRM activity, with 90% of organisations having some form of HR information system.

Switzerland also has a relatively high level of organisations offering flexible working to employees, according to Erten et al (2004), which may be part of a trend to adopt employee-friendly policies and practices. Research from the Boston Consulting Group (2010) has identified the areas of people management that most urgently need attention in Switzerland as:

- managing talent
- improving leadership development
- managing change and cultural transformation
- strategic workforce planning
- managing work–life balance
- transforming HR into a strategic partner
- enhancing employee engagement.

THE MIDDLE EAST

The Middle East encompasses a broad range of economies from the very poor (such as Gaza and Yemen) to the incredibly wealthy (such as Saudi Arabia, UAE and Qatar), not least because of its large oil reserves. With the growing market for oil and gas and a significant development in areas such as Islamic banking and finance, the area has become a notable growth region. Middle Eastern countries are facing a need to engage in and develop cross-border integration with world trade markets, and to diversify in preparation for a decline in oil revenues in the longer term. This is imperative to meet the challenge of the ongoing globalisation of countries such as China and India. The region continues to be strategically, economically, politically, culturally and religiously highly sensitive.

Religion is one of the many factors that can contribute to the formation of national culture and exert significant influence on HRM processes. For example, religious strictures effectively govern the conduct of business, especially in the more conservative countries. In addition, power in this society is related to tribal and familial structures that impact working relationships. Networks are crucial to the conduct of business. The national business systems are characterised therefore by an interconnected structure that spans across and between networks in families, organisations and political life. Informal relations and family networks are emphasised and open relations built on patronage and trust-building, consensus and unity, balance or equilibrium. High-trust exchanges facilitated by extended family networks are the foundations of employer–employee relationships, especially and exclusively often for the indigenous population. The domination of male family and decision-making networks underpins the gendered nature of work; there is significant gender segregation in employment.

This is a management environment that is very distinct from many European and US corporations. Obviously Islam is likely to continue to have a strong influence on HRM philosophies and practice in a Middle East Islamic context – although there are some obvious parallels with the soft characteristics of HRM alluded to by Legge (2004). It is often easy to lump the region together, but its diversity suggests that specific countries within the Middle East face unique challenges. Here, we focus on five major players in the region: the UAE, Qatar, Egypt, Saudi Arabia and Bahrain. These countries are all significant in terms of their economic activity and the unprecedented nature of change they are facing.



United Arab Emirates

- The process of Emiratisation means that changes in practices such as working hours and rewards may be necessary to accommodate Emirati nationals.
- Emiratis prefer high-level jobs but many lack the necessary skills for these roles, meaning that it can be difficult to recruit them.
- Western HRM practices, while becoming more common, may not fit with the Muslim values of the country. For example, individually based performance management systems do not fit with the collectivist culture.
- Women are underrepresented in the workforce so practices need to be developed that make it easier to integrate women into the mainstream workforce.

Population (Q1 2010; millions)	5.0
GDP per head(2009; per capita \$000)	63,970
Employment (2009; %)	75.5
Male unemployment (2009; %)	2.1
Female unemployment (2009; %)	11.7
% of GDP spent on education	1.4

Source: *Economist Intelligence Unit (2010), Economist World In Figures (2010).*

Context

The United Arab Emirates (UAE) is most famously identified in the public mind with its major states of Dubai and Abu Dhabi. This wealthy region exhibits many of the risks and opportunities of energy, tourism and property-based economy seeking to diversify into areas such as manufacturing, science and green technology. The region has boosted long-term economic growth rates of 6–7% and has a high income per head, though that is an average across all the emirates. The less well-known emirates such as Sharjah, Ajman, Fujairah, Umm Al Quwain and Ras Al Khaimah, are less developed, less populated and less rich. The very diversity of the region is obvious, from the soaring property and tourist hub of Dubai with its minimal oil reserves and a need to make its living from

commerce, construction and services to established, oil-abundant Abu Dhabi, whose elite bought Manchester City Football Club and gifted it upwards of £300 million to buy players.

Talent infrastructure

Although making strides, the UAE spends about 2% of GDP on education which is low in international comparison. However, this needs to be seen in the context of a small state that has a small indigenous population upon which it lavishes quite extensive human capital expenditure. Its performance is just below average in the OECD's PISA indicator of school performance (OECD 2010). Approximately 80% of the UAE population are expatriates. The UAE government has undertaken a campaign of 'Emiratisation', whereby the employment and entrepreneurial activities of young Emirati nationals has been promoted. This strategy has included the setting of quotas for the employment of nationals in particular industries. The country has also invested significantly in education and in innovation-based initiatives to assist the Emiratisation strategy. However, steps to encourage the employment of Emirati nationals are hampered by the fact that nationals generally seek higher wages and positions than their skill merits. In addition, many nationals lack English language skills, communication and computer skills (Grant et al 2007). Grant et al (2007) have suggested that the increased employment of Emirati nationals may lead to changes in work hours, compensation, benefit plans and leadership strategies to accommodate the changing nature of the workforce. Female nationals benefit from reduced hours and extended time off to spend with their families (the same benefits are not offered to expatriate women).

Talent environment

Labour law in the UAE is loosely based on the model of the International Labour Organisation (ILO) and is generally protective of employees. Maximum working

hours are usually eight per day or 48 per week, although these may be extended in industries such as hospitality and retail (Mohyeldin and Suliman 2006). Generally, though, labour protection is fairly weak because of the linkage between an expatriate's job and their employer, who can exercise discretion over work permits, at will. That said, the nation is trying to tackle some of the more extreme examples of abuse, particularly of domestic servants and construction workers, whose reliance on low earnings and long hours to fund remittances to their home nation is often exploited.

Culture and society

Religion has had a strong impact on the national culture in the UAE and this does affect HR practices. The religious stricture of 'taweed', for example, governs workplace relations, with individuals expected to show humility and fair dealing, which can be both positive and negative in an organisational context. Islamic festival and holy days also figure highly in work patterns. In Ramadan, the month of fasting for Muslims, work hours are generally reduced by two hours. Holidays are based upon the Muslim calendar and the weekend is traditionally Thursday afternoon and Friday (although some companies have changed this to the Western weekend of Saturday and Sunday). In line with Muslim values, managers do their best to ensure that all employees are treated with respect and dignity and open communication is generally adopted within organisations (Mohyeldin and Suliman 2006).

People management challenges

Globalisation in the Arab world and the high proportion of expatriates in the UAE means that local workforces are likely to have adapted to Western practices. Mohyeldin and Suliman (2006) report on a number of factors leading to the development of a more Western style of HRM in the UAE: first, the establishment of a number of organisations dedicated to developing HR in the country; second, skilled and

professional HRM professionals moving into the UAE; third, increasing competition between organisations to satisfy their customers; and fourth, globalisation in general along with developments in communication and technologies allowing managers access to Western HR practices.

Mohyeldin and Suliman (2006) also report on a number of challenges for HRM in the UAE. First, despite a recent increase and several government initiatives in this area, encouraging women to enter the UAE workforce remains a challenge. Women accounted for only 14% of the workforce in 2002. Second, the imbalance between expatriates and UAE nationals in the workforce remains. The Emiratisation process is dependent on the availability of skilled HR people in the country. Arguably, though, in a booming economy too much attention was focused upon recruitment and resourcing, with too little attention given to more strategic aspects of HR. Priorities need to shift towards developing better learning and talent development, calibrating reward structures with performance and contribution and ensuring that all workers, regardless of their status – Emirati or expatriate, senior or junior – are developed fully and can deliver for their organisation.



Saudi Arabia

- Employers must consider the pressure from the Saudi government to employ Saudi nationals rather than expatriates when developing their workforce.
- There are skills shortages among the local population, meaning that competition for recruiting talented workers is strong.
- The Muslim religion has a strong impact on the culture within the country, leading to high collectivism, which must be reflected in HR practices.
- Saudi Arabia is also culturally high in power distance, meaning that job design must reflect the hierarchical structure rather than promoting autonomy for local employees.
- Recruitment and selection is difficult in the country due to a tendency for internal recruitment and favouritism towards friends and family.

Population (Q1 2010; millions)	26.0
GDP per head (2009; per capita \$000)	19,020
Employment (2009; %)	47.5
Male unemployment (2009; %)	3.8
Female unemployment (2009; %)	13.7
% of GDP spent on education	5.7

Source: Economist Intelligence Unit (2010),
Economist World In Figures (2010).

Context

Saudi Arabia is one of the world's largest oil exporters, owning a considerable amount of natural oil and gas. Over the last 30 years the country has sought alternative means of revenue, including intensification in global trade relations and investments.

The various national development plans stress the importance of strengthening the private sector, increasing the efficiency of the industrial sector, promoting foreign direct investment and diversifying tax revenues away from an over-reliance on volatile oil prices.

Talent infrastructure

In common with most of the Gulf Co-operation Council (GCC) countries, Saudi Arabia suffers from a shortage in skilled and unskilled labour due to inadequate educational systems and low population size (Achoui 2009). Cultural issues such as tradition, religion and values, such as the low female participation in the workforce and reluctance of young people to work in manual and low status jobs, have also played a significant role in this shortage. In addition, the population is very young, with 32% of the current population made up of children under 15 years of age (ILO 2010). This has led to a dependence on foreign labour. Though the country spends 8.5% of GDP on education, it does not necessarily contribute to the productivity of the nation. Saudi Arabia does not participate in the PISA indicators, but its performance is likely to be well below average. Most education is focused on religious teaching and humanities.

The university sector also performs relatively poorly. Though curriculum reform and a relaxation of strictures governing the co-education of women and men are being discussed, there is fierce internal resistance. Flagship initiatives such as the Modern King Abdullah University of Science and Technology are at least seeking to move beyond a syllabus dominated by religious studies and Arabic. It's worth stating that the establishment of this minor rampart of reform led to a concerted campaign by conservative clerics, especially over the unheard of plans to co-educate male and female students. Some relaxation is welcome but for the moment only a few hundred elite students will be accommodated within such new facilities. The facts are that many employees come to firms, who must hire Saudis for most positions, ill-equipped for the workplace. This places a significant burden on firms to train and develop. Nevertheless, working within these constraints and with the grain of the local culture, methods such as coaching and particularly mentoring, can be used to good effect.

Talent environment

Saudi law tends to outlaw strikes and trade union organisation, seeking to substitute unions and employee representation with paternalistic approaches. This generally works for the Saudi population but hardly helps the millions of expatriate menial labourers who have little protection. Many Saudi politicians believe that the replacement of cheap labour, foreigners is necessary to allow more locally born Saudis into the job market. However, attempts to do this by introducing quotas for areas such as carpentry, electrical installation and other construction trades as well as some skilled technician roles have not attracted willing Saudi applicants.

The Government's (2002) long-term vision for developing the economy and human resources until 2020 stresses the importance of human resource development (HRD).

Culture and society

Mellahi (2006) also explained that cultural values and norms in Saudi Arabia are based upon the Muslim religion and are a central organising principle of Saudis' understanding of work, their approach to it, the way they treat subordinates and expect to be treated by management. Saudi Arabia is more highly collectivist than the rest of the Arab world, meaning that management style tends to focus on the group rather than the individual and those employees and employers have a moral obligation to develop relationships that lead to increased team or organisational solidarity. Employees' personal lives are closely linked to their work lives and organisations provide emotional support as well as financial security. In addition, Saudi Arabia is high in Hofstede's power distance, meaning that employees expect to be told what to do by management and inequalities between managers and subordinates are expected and desired. Therefore autonomy would be viewed by Saudi employees as a negative rather than a positive factor.

People management challenges

Achieving alignment between the needs of the labour market and the content of educational and training programmes has been challenging (Achoui 2009). HRD has traditionally been poor in Saudi Arabia, with a recent survey (Fadhel 2007) finding that only a quarter of private sector companies had any HRD structure, while less than two-thirds (64%) had any human resource management structure at all. This is due to the fact that HRD is typically expensive and that there is a shortage of skilled HRD employees to manage HRD functions (Achoui 2009). The Human Resources Development Fund was created in 2000 to provide financial support for the training and employment of Saudi nationals, but there is no evidence of the effectiveness of this programme on the 'Saudisation' process and on reducing unemployment among young Saudis.

Mellahi (2006) explains how the increase in the number of Saudis in the private sector has led to a need for new ways of managing HR, particularly in relation to employee relations and the treatment of employees. Managers have had to move away from the hire and fire culture accepted by expatriates as Saudis will not accept such treatment. At present two systems of HRM exist in Saudi organisations – that for managing expatriates and that for managing Saudi nationals. Mellahi (2006) explained that the two groups have different attitudes and therefore require different HRM policies and practices.

Research from the Boston Consulting Group (2010) identified the areas of people management that need most urgent attention as:

- managing talent
- improving leadership development
- enhancing employee engagement
- transforming HR into a strategic partner
- measuring workforce performance
- improving performance management and rewards
- mastering HR processes
- strategic HR planning.



Bahrain

- Need to develop a new perspective on talent diversity and inclusion which challenges many of the inefficient established practices of hiring, firing and promotion base purely on nationality and ethnicity. Addressing these issues will go some way to building a stable future for Bahrain and other Gulf nations.
- There is a need to move from a cost-cutting to a developmental ethos to meet the challenge of developing strategic HRM policies to consolidate a free-trade and services focus.
- Development of local talent to meet the needs of a knowledge economy is a priority, but employers must be mindful of the diplomatic and trade impact of being seen to discriminate against South Asian workers.
- Unemployment and underemployment, particularly among young people, challenge the development of a talent pipeline.
- There is a need to manage diversity issues, particularly for women as a growing talent asset in the economy.
- Culturally driven expectations around performance management and promotion need to be addressed to ensure reward and progression for performance.

Population (Q1 2010; millions)	1.1
GDP per head (2009; per capita \$000)	38,000
Employment (2009; %)	66.6
Male unemployment (2009; %)	3.0
Female unemployment (2009; %)	8.3
% of GDP spent on education	2.9

Source: Economist Intelligence Unit (2010).
Economist World In Figures (2010).

Update

Bahrain was until February 2011 a stable and prosperous kingdom. It benefited from its long standing position as a services and distribution hub for the Gulf and has a far more developed economy and labour market than other Gulf Kingdoms. Bahrain also had limited democracy and participation. The political turmoil in the Arab world which began with the removal of the Tunisian president, and spread to

Egypt (see page 30), has now engulfed the Kingdom. An uprising by the majority Shia population and other immigrant communities, concerned at unjust treatment by the dominant Sunni population has erupted into violence. The revolt has been put down with the assistance of neighbouring countries but the situation remains very unstable. The impact on the economy is starting to be felt. The cancellation of high profile events like the Grand prix and a reduction in conference business have all severely impacted the country. One of the critical lessons for HR is the importance of diversity in this and other Gulf kingdoms as both a source of untapped talent and a touch wire for unrest. Courageous conversations around talent and diversity throughout the region will be a must for HR leaders though we do not underestimate the challenge.

Context

Officially the Kingdom of Bahrain comprises a chain of around 30 islands in the Persian Gulf. It has the fastest growing economy in the Arab region due to the oil-related boom in services and finance and also had the freest economy in the Middle East. The country has a highly developed transport and communications structure and has attracted many multinational companies. Bahrain combines modern infrastructure with a Persian Gulf identity and is a haven for tourists. Although an established banking and financial services centre, Bahrain's export industry still relies on oil. However, it has diversified into being the Middle East hub for oil-related services and infrastructure. Economic conditions have fluctuated with the changing fortunes of oil since 1985 and the Persian Gulf crisis. The depletion of both oil and underground water resources is a major long-term economic issue. With a free trade agreement with the US, Bahrain is a major trading partner.

Talent infrastructure

There are now numerous international schools and educational institutions. Schooling is paid for by the

government and although not compulsory, primary and secondary attendance is high. While Bahrain does not participate in the PISA survey of pupil performance, given its long-established education system and its early turn towards less religiously based education, it may well be above the other Arab nations in terms of performance. Post-school education is well catered for in respect of nationals. The expatriate population along with an increasing pool of nationals returning from degree courses abroad provide resources for talent development for universities and colleges, institutions of higher learning and the increasing number of private universities. Women's participation at university level is on the increase and in particular for entrepreneurial development and self-employment among women. Organisations also take on an increasing burden in respect of talent development, some providing remedial classes in core subjects such as the large public healthcare organisation and the strategically important state aluminium company.

Talent environment

Bahrain has traditionally had a relatively permissive set of labour laws, signing up, for example, to ILO statutes. Although there is basic labour protection, limits on hours worked, unemployment benefit and a minimum wage, other aspects of labour market regulation are more stringent. Strikes, though officially tolerated, are also increasingly being outlawed in key sectors such as the strategically important aluminium and airline industries. Expatriate workers have suffered from a fall in real wages, as the falls in local currency fed through into drastically reduced remittances when converted into the currencies of the home countries. This resulted in several strikes in both Bahrain and Dubai. These are important issues when setting pay and benefits. Often Western management-level expats have their currency risk protected by being paid in their local currency, for instance.

The Government's economic strategy focuses on consolidating Bahrain's position as the Gulf region's free-trade and services hub. Job creation and privatisation remain a priority supported by the Economic Development Board (EDB), which formulates Bahrain's economic development strategies and promotes the country for both internal and external investments.

Culture and society

Nearly all citizens are Muslim, with an estimated two-thirds Shia and one-third Sunni. Under the Bahrain National Charter, the country has begun an ambitious programme of economic and political reform with a commitment to Arabic-Islam and Sharia law embedding Islam values in all aspects of civil society. Islamic values continue to permeate the business environment and impact working practices in Bahrain.

While the majority of the population is ethnically Arab, there are a large number of people from South Asia in the country, in particular a large expatriate community of Indian nationals. Despite being in a minority, the large expatriate population has considerable financial impact and accounts for nearly four-fifths of employment. This has led to tension and the introduction in July 2008 of a small premium for employing foreign workers. There are plans for a time limit on unskilled expatriate workers of six years. A further policy action on this front is to introduce a higher minimum wage for Bahrainis than for expatriate workers, although this may in fact increase the employment of non-nationals. Government, though, has to tread carefully with the possibility that it might face labour shortages and could also impair diplomatic and trade relationships with increasingly assertive South Asian countries.

People management challenges

Due to the economic downturn, many companies have implemented (15%) or planned to implement (20%) lay-offs, while 55% indicated that they had

already executed a hiring freeze (Rana 2009). Such a scale of redundancies and squeeze on employment opportunities may have a dampening effect on talent pipeline development, but can also provide a breathing space to allow HR directors to implement more strategic HRM and human capital strategies.

Alongside rapid population growth there is high unemployment, especially among the young. In 2009 the unemployment rate among men was 3%; however, among women it stood at 8.3%. There is a need for policy on management training for women to include the promotion of leadership and training programmes and for policy to address cultural issues regarding equal opportunities (Hutchings et al 2010).

A current challenge for HR practitioners is moving from a cost-cutting focus to a developmental focus and using the social reforms to ensure that a talent pipeline, from educational opportunities to early employment experiences, is nurtured.

Status is highly valued, bringing expectations of early promotion for many. A collective culture is pervasive but this can lead to role ambiguity among supervisors where family members, friends and neighbours may be subordinates, making performance management very difficult.

‘Bahrainisation’ of the workforce aims to create employment opportunities for locals and, through the replacement of expatriate workers, there will be increased opportunities in the labour market for the employment and development of local talent. However, there are risks, as we outline above.

- Addressing the heavy reliance on migratory workers requires the development of a skills base capable of meeting the challenges of technology and technological innovation in the development of local talent.
- Supporting the expansion of entrepreneurial behaviour, the growth and development of the skills base of SMEs is a key issue.
- Addressing employee relations and diversity issues is key.

Population (Q1 2010; millions)	1.7
GDP per head (2009; per capita \$000)	83,840
Employment (2009; %)	53.8
Male unemployment (2009; %)	0.4
Female unemployment (2009; %)	1.3
% of GDP spent on education	3.3

Source: Economist Intelligence Unit (2010),
Economist World In Figures (2010).

Context

Qatar has experienced rapid economic growth since independence in 1971 and the discovery of massive energy reserves. Though the state took the lead, the private sector is playing an increasingly active part in the economy. Oil and particularly gas is the cornerstone of Qatar's economy, both domestic and in generating export earnings. Reserves of natural gas are becoming increasingly important to the economy and long-term economic goals include developing offshore petroleum and the diversification of the economy. Despite the global financial crisis, Qatar has maintained economic growth with a focus on developing sectors outside energy. For example, the ruling Al-Thani family has taken major stakes in global companies such as Barclays Bank, whose debts after the financial crisis they significantly underwrote, and the flagship department store Harrods, which they bought outright in 2010. Aside from these strategic stakes, the ruling family is driving a knowledge economy using its unparalleled resources to create a Singapore-type trading and knowledge economy.

QATAR has developed a vision, National Vision 2030, which aims to develop the country to become one of the world's most advanced knowledge economies.

Talent infrastructure

Education is free to high school level and the aim is for all public schools to be independent schools by 2010. As the country establishes itself as a knowledge economy, education and the talent infrastructure become ever more critical. To its credit, Qatar has submitted its school test results into the OECD PISA analysis (OECD 2010). The fact that its scores are near the bottom suggests that it is well below average in terms of performance and considerably below its Gulf comparator Dubai, which has reading scores of 459 and mathematics scores of 453. Qatar has scores of 372 and 368 respectively. Basic secondary education should therefore be a major priority for the Kingdom.

Qatar is tackling this challenge in novel ways, with lifelong learning initiatives in particular, through encouraging ordinary citizens to engage with technology. It is considered important that these skills are fostered at a young age. School Knowledge Network is a portal that connects students, parents and teachers at any time. Global gateway, which is a virtual experience, connects Qatari students with their peers all over the world. Model e-school, a blended mix of traditional classroom methods and e-learning, encourages dynamic experiences to develop local talent (Andrews 2009).

Talent environment

Qatar is a Gulf state with an emirate-type government. The legal system combines civil and Islamic law codes in a system where Islamic law dominates family and personal matters. A labour law of 2004 was relatively progressive for the region. Rights to unionisation and strike, an eight-hour day and a non-discrimination law for females were all passed. Although the law established a theoretical right to join unions, foreigners, who make up the majority of the labour

force, are banned from joining and strike action is forbidden in key sectors. Expatriates account for about three-quarters of the workforce and for a variety of reasons remain critical to Qatar's future. Government is focusing on strategic 'Qatarisation', targeting key industries such as oil and gas, airlines and utilities to secure a 50% or more representation of Qataris. That said, Qatari Petroleum has still only reached a 31% level after a decade of active Qatarisation. A cabinet decree of October 2007 that every employer should ensure that a fifth of their workforce is Qatari has been largely ignored. Many locals with high government subsidy have an incentive to study, often interminably, and conduct community work rather than take on the bulk of jobs for which many are currently equipped. As the relatively young population ages there may be a need for quotas in industries such as the service sector.

Nevertheless, the government remains determined to pursue its strategy of reducing its dependence on foreign talent. Training systems and policies are also being reviewed with a view to ensuring more efficient and effective utilisation of the national workforce. However, increased opportunities, especially in the construction industry and new industries such as science and even arts administration, remain dependent on expatriates who will constitute a substantial proportion of the workforce in the future.

People management challenges

Balancing demands for Qatarisation with the needs to secure talent for the future are the key challenges. HR needs to be astute in developing its strategies. Given the lifelong learning and technology-based approaches, there is a major role for HR and a distinct niche for learning and talent development to help companies operate within that context. The need for better productivity is a challenge in terms of performance management but tailored to local preferences and practices. The role of SMEs and women's employment are a key focus. There are opportunities to exploit the positive relationship

between training and development and employee commitment (Al-Emadi and Marquardt 2007). For women, in particular those highly educated and potentially able to engage in international assignments, there are also developmental opportunities within the international context (Hutchings et al 2010).

Developing local talent, especially women, and supporting entrepreneurial behaviour, particularly in SMEs, are key imperatives for the country. Using these strategies as a nursery for the challenges of roles within the larger state and multinational corporations will help foster Qatari talent for the future.



Egypt

- Poverty, child labour, migration and youth unemployment are all pervasive issues that impact talent development.
- Managing unemployment and re-employment, particularly for youth and women, are key issues.
- There is a need for recruitment and selection practices that are clear and participative.

Population (Q1 2010; millions)	78.2
GDP per head(2009; per capita \$000)	1,990
Employment (2009; %)	44.0
Male unemployment (2009; %)	6.4
Female unemployment (2009; %)	18.2
% of GDP spent on education	3.8

Source: Economist Intelligence Unit (2010),
Economist World In Figures (2010).

Update

As this report was prepared Egypt entered a period of unprecedented political turmoil. For months the despised President Hosni Mubarak held on in the face of mass protests. When the army failed to protect his regime and sided with the people he departed from power. The transition to viable democracy is not yet complete though the economy is slowly recovering from the disruption. However, the business environment is still unstable and the problems outlined in this report remain unresolved.

Context

Egypt is one of the most developed and diversified economies in the Middle East; however, it also has many of the features of diffidence and conservatism that can impede the development of people and organisations. The country plays a leading geo-strategic, political and economic role in Africa and the Middle East. Its long-lived government has been pursuing modernisation of the economy and society on its own terms, but the country is also dogged by patronage and corruption. Its densely populated major cities, where most employment has occurred, such as Cairo, Aswan and Luxor, have a great deal of informal,

poorly paid, low-skilled employment. The majority of economic activity is located in the Nile Delta and the economy has undergone dramatic growth in recent years, especially in the production of value-added textiles and food products. Tourism is also a major industry, attracted by archaeological sites such as the Pyramids and resorts on the Red Sea.

Talent infrastructure

The country boasts the largest education system in the Middle East and North Africa. The government offers free education at all levels and with the help of the World Bank and other multilateral institutions it aims to increase access to child care and include training in computers and technology at all levels, especially the tertiary level. The government is attempting to move from a highly centralised system of education developed in the 1960s, with a standard syllabus, towards giving more autonomy to institutions and encouraging increased accountability. According the Economist Intelligence Unit (EIU), the education system tends to encourage learning by rote rather than the critical analytical skills needed for an advanced economy. As such it is likely to score in the lower end of the PISA school performance indicators, which put a premium on involved learning. The challenge to develop the skills of young people is critical, especially since a longstanding guarantee of employment to graduates is difficult to honour. Thus ambitious, talented and qualified graduates migrate abroad, especially to Gulf countries and parts of Europe.

This talent drain has major implications for talent development within the country in maintaining a pipeline of talent and preventing the haemorrhage of skills. However, it is also a useful safety valve and provides an income in the form of remittances.

Talent environment

Significant political and economic reforms including political freedom of expression underpin the economic development of the country. Economic growth is

expected to continue, posing a major challenge in the development of better jobs and targeting poverty. Approximately one-third of Egyptian labour is engaged directly in farming and many others work in the processing or trading of agricultural products. Agriculture still accounts for a disproportionate share of employment at around 30%. By contrast, services account for just over half and manufacturing and industry about a fifth of employment.

The trend in labour law has been towards liberalisation, with new powers for employers to implement redundancies, and though there are rights to strike they are hedged with restrictions that make timely action hard for unions to organise. Industrial action does happen, and has been threatened in the strategically important textiles sector, with several strikes in the last five years. This year there has been a concerted campaign to increase the low minimum wage. Underlying poverty is an issue as Egypt is a low income country and employers often come under pressure to raise wages, especially in the face of rising food and utility prices. Poverty is a key issue affecting around one-fifth of the population, particularly in urban upper Egypt.

Culture and society

A largely Muslim country, Egypt is one of the continent's most populous (119th out of 177 countries). Egypt is governed as a semi-presidential republic. The president is both head of state and head of government. Egypt's population is predominantly Muslim (around 90%), which is endorsed by law and controls many aspects of social and business life. The usual religious strictures can apply in the region.

It is speculated that politics and religion were key motivators in pressurising some organisations to pull out of the country (El-Amir and Burt 2008), illustrating the challenges to HRM inherent in this cultural context.

People management challenges

A key issue is unemployment, which, though currently relatively low at 8.7%, reached 11.2% and has averaged about 10%. In a country of nearly 80 million people this is a significant problem and there is a lot of pressure on employers to bring people into the workforce. The highest unemployment rate is among the young, aged 15–25. Women in particular are impacted, constituting some 90% of the unemployed. Currently unemployment among working-age males is 6.4% but has reached 18.2% for women. Addressing this level of unemployment coupled with a need to foster employment creation through SMEs are key issues for HRM. This requires individual development and re-skilling following lay-offs, focusing on those skills required in the employment-intensive industries of tourism, textiles and construction.

SMEs adopted less aggressive downsizing activities in the post-2007 recession through the use of recruitment freezes and early retirement (Darrag et al 2010). Taking account of the national context is an important issue in the choice of recruitment and selection practices. In the specific context of Egypt, clarity of expectations of workers and in particular the employment contract are key (El-Kot and Leat 2008; 2007).

Egyptian employees expect a clearly specified contract of employment giving all details of the job and what they should do and they value real participation in decision-making.

ASIA PACIFIC

Asia has had a remarkable record of high and sustained economic growth over the past three decades. Currently, it has the third highest nominal gross domestic product (GDP) and many further opportunities for growth. Following the Second World War up until the 1990s, countries in the Pacific Rim (Thailand, Malaysia, Singapore, Hong Kong, Taiwan, Japan and South Korea) led economic growth in the region. These economies have grown quickly and since the 1990s have been joined by China and India. Much of the high economic growth in Asia is due to substantial foreign direct investment (FDI) in the region (Backman and Butler 2007).

Asia is often treated as a single region; however, the variation of geography, population, economies, labour markets, industrial relations and HRM systems as well as its values are diverse. Distinctions between countries in the region are pertinent to the development and implementation of HRM policies and practices and in particular the management of talent. However, according to White (2002) there has been overemphasis in published work on Asian management research on comparative studies attempting to identify 'what' differences exist to the detriment of comparing the processes giving rise to these differences. There appear to be few studies that focus on values, attitudes, perceptions and behaviours and little insight into underlying processes. Knowledge of new employment conditions and their implications for individuals' careers and for HRM is still limited and it has been suggested that HRM may evolve as a hybrid mix of Western rationalised systems and traditional Asian characteristics (Debrah and Budhwar 2004). For example, Zheng (2009) highlighted the relative success of informal Asian-bred recruitment methods in maintaining retention of talent among multinational corporations (MNCs) in the service industry. However, the CIPD's Next Generation Asia report (2010) uses detailed case studies to look at the very different approaches and cultural factors that drive a distinct brand of HR within the Asia region. (CIPD/Bridge 2010).

One of the biggest single challenges facing organisations in Asia is talent management. Against a backdrop of a fast-paced business environment, demographic changes and a diminishing talent pipeline, many organisations are relying on recruitment practices that focus on senior levels, not on the development of talent at all levels. In addition, the impact of migration has seen people becoming increasingly mobile to undertake education and foreign work experience, returning to the country of origin to take advantage of local economic opportunities. This brain circulation or triangular human talent flow is becoming increasingly characteristic of the Asian region (Tung 2008). In this section we consider five countries in the Asia Pacific region that reflect the ebb and flow of the economic instability prompted by the Asian crisis and the subsequent blossoming of the Asian economies. The countries of Indonesia, South Korea, Vietnam, the Philippines and Malaysia reflect a broad range of challenges to HRM and the development of talent.



Indonesia

- The country need to integrate a huge and growing population into productive employment.
- There is a need to develop a level of sophistication in talent development to improve employee skills and improve the productivity of the workforce.
- Organisations need to bring politically powerful unions into the discussion around skills and talent.
- Addressing inherent issues of corruption are a fundamental issue for the country and for HRM.
- Employee relations remain at a low level of sophistication and this requires focus to deal with the wide range of Trade Union representation.

Population (Q1 2010; millions)	234.5
GDP per head (2009; per capita \$000)	2,250
Employment (2009; %)	68.3
Male unemployment (2009; %)	7.6
Female unemployment (2009; %)	8.7
% of GDP spent on education	3.5

Source: Economist Intelligence Unit (2010),
Economist World In Figures (2010).

Context

Indonesia comprises 17,508 islands with a diversity of people, climate and resource. Poverty is widespread, despite rich natural resources. Aside from being the world's largest exporter of tin, Indonesia mines bauxite, silver, copper, nickel, gold and coal. These are generally exported out of the region to China, Japan and the USA. Export goods include construction equipment, machinery, aviation parts, chemicals and agricultural products, while imports mainly consist of clothing, machinery, transportation equipment, petroleum, natural rubber and footwear. Fuel production has taken a dramatic downturn since there has been a lack of investment in the oil fields in the country. Indonesia was the country hardest hit by the Asian financial crisis of 1997–98. Indonesia is the sole Asian member of the Organisation of Petroleum Exporting Countries (OPEC), which imports oil within the region.

Talent infrastructure

Basic education levels are relatively high, though government is committed to allocating about 20% of public expenditure to education; it's only now beginning to approach this level. The real issue is poor secondary education, although teacher performance is also an issue. The OECD Pisa Scores rank Indonesia near the bottom (OECD 2010). Many companies have to import key skills from other countries, which, given the additional costs, will raise labour costs.

Talent environment

At the end of 1980, the government undertook revised regulatory policies to promote economic growth within the country. This was funded by the foreign and domestic private investment groups, including those from Japan, the UK, Taiwan, Singapore, the Netherlands, Hong Kong and South Korea, which took over the oil, gas and the mining sectors. However, the World Bank, the Asian Development Bank and the main donor countries raised their concerns over the lack of serious government commitment towards making progress in the implementation of several areas of reform.

Unions have grown in number and profile since they were legalised in the late 1990s. However, unions are somewhat weak in terms of impact because of the relatively low labour input in strategic industries such as petroleum and minerals, which are mostly capital-intensive. But they are important politically and have a major influence on government. Generally high economic growth (though accompanied by high inflation) and rising unemployment (a growing population needs to be absorbed) means life is tough for most ordinary people, many of whom live on meagre incomes. The government regularly has to introduce fuel and food subsidies, and rice can take a quarter of earnings. This can also impact employers, many of whom provide additional food subsidies. A minimum wage, set both by government and regions leads to wide variation in pay. In 2008 the minimum wage was double in richer regions than in poorer areas.

Culture and society

Indonesia is one of the world's largest Islamic states, but is open, has a democratic government and relaxed attitudes towards women in the labour force. The majority of the Indonesian public are moderate, widely condemning and disowning major terrorist attacks by Islamic extremist of recent years. In the 2009 parliamentary election, the Islamic parties saw their share of the vote wane to 24% from 32%, indicating a less than zealous adherence to the Islamic parties. Though Indonesia is often mentioned alongside the BRIC countries of Brazil, Russia, India and China, it is very different. A major exporter and a member of the economically powerful G20 nations, it is however, a low-income country with a huge and growing population. Political instability is an issue. The weakness of the security forces means that terrorist attacks remain a prominent risk. Popular opinion appears moderate and dismissive of extreme Islamic radicalism, but there is still widespread conservatism and an adherence to Muslim strictures on issues such as dress and alcohol.

People management challenges

Indonesia has a strong labour force, however there are labour problems due to the multiplicity of trade unions. Grappling with the widespread skill problems in the economy and raising productivity in both the petroleum and agricultural export industries, such as palm and vegetable oil, will be key. After the Asian crisis, Indonesia was hardest hit in terms of the pressures to change HR practices dramatically towards greater market orientation. The complex nature of this reform appears to have led to the development of hybrid HRM systems and the adoption of more competency-based practices, in particular among state-owned enterprises, which had previously enjoyed a steady business environment (Sitalaksmi and Zhu 2010).



South Korea

- Job insecurity is a pervasive issue and talent development is a key requirement to enable flexibility
- There is a need to de-emphasise seniority and reinforce the importance of performance and ability
- Soft skills development and leadership development are needed to address employee relations issues
- Addressing the skills shortages prompted by an ageing workforce is important to the development of talent.

Population (Q1 2010; millions)	48.9
GDP per head (2009; per capita \$000)	19,120
Employment (2009; %)	67.0
Male unemployment (2009; %)	4.1
Female unemployment (2009; %)	3.0
% of GDP spent on education	4.2

Source: Economist Intelligence Unit (2010),
Economist World In Figures (2010).

Context

South Korea's fast-growing, high-tech economy with a real growth of over 4% over the last ten years marks it out as one of Asia's true tigers. The advent of the Asian crisis in the late 1990s resulted in a slowing of economic development and, with the demise of many of the state-sponsored privately owned conglomerates or chaebol, unemployment soared. These massive corporations dominate heavy engineering and consumer electronics, as well as newer industries such as car manufacturing. With competition from China and reduced demand due to the global financial growth in wages slowed and investment, particularly in training and talent development, suffered. Post-crisis there was a quick and strong recovery, but skills shortages remained, confounded by demographic pressures of an ageing workforce.

South Korea has a diverse, knowledge-based economy. It is one of the rich group of G20 countries, being a high-income developed country. The economy has been resilient with low state debt and high fiscal reserves that can quickly be mobilised to address any

expected financial emergencies. With few natural resources and a growing population, there is pressure for South Korea to pursue an export-oriented economic strategy.

Korea shifted quickly from an agricultural to a service base and transformed itself from a broken, post-war state into a world-leading economy with strengths in manufacturing and technology. The state implemented a policy on the development of large business conglomerates (chaebol), engendered reliance on the government for capital and encouraged a quiescent workforce. With a decline in heavy industries such as shipbuilding and steelmaking and the rise of lower-cost competitors, Korea faces a new challenge. It needs to apply its excellent supply of human capital to become the leading economy for biotechnology, new generation electronics and green manufacturing.

Talent infrastructure

The workforce is highly educated mainly in service and knowledge jobs. Education is considered critical for economic success and a centralised administration oversees educational processes for children from kindergarten to the final year of high school. As a result South Korea has among the highest scores in the OECD Programme for International Student Assessment (PISA) scores. The US influence on South Korea is evident in many Koreans studying American management practices, which influence both academic and business and management philosophy and outlook. One challenge is training workers displaced from heavy industry such as shipbuilding and foundry work in developing green technologies, biosciences and microchip fabrication, which require radically different skill sets around precision assembly. Yet many of the brighter students are drawn to financial services and to the many professional roles, such as the law and accountancy.

Talent environment

Despite having an advanced economy, South Korea has some fairly restrictive labour laws. Unions are often very confrontational and well organised. The

government has often granted automatic cost of living increases, lifetime employment and seniority-based compensation. However, with rising unit labour costs compared with its near neighbours, the government is beginning to resist the demands of organised labour. An attempt to develop labour relations along a human capital path is also part of the strategy. South Korea currently supports projects that address skills development policies and programmes that have a particular focus on disabled persons, women, migrant workers and other excluded groups. Other issues being addressed include improving workplace relations and practices, health, income protection for workers and their dependants. The management of labour migration, including a focus on provision of information, the creation of common regional skills standards for workers, and the provision of productive, gainful employment for migrants are key areas of focus (www.ilo.org 2010).

Culture and society

Many of the issues faced by the country now are rooted in cultural facets such as the strong family orientation, homogeneity and exclusiveness of society. However, the nation is relatively open. The shadow of political partition hangs over the South particularly. Recent incidents, such as the sinking of a naval gunboat, the shelling of South Korea's territory and the North's headlong pursuit of nuclear weapons, are all signs of this tension. In the principal cities of the South, Seoul and Pusan, the impact is felt in economic migration from the North. This puts pressure on resources and many North Koreans, poorly educated and trained, end up jobless.

People management challenges

The policies of lifetime employment and seniority-based remuneration, initially influenced by China and Japan, permeated HRM functions such as recruitment, promotion and training. However, there were some key differences from the Japanese model, where in the Korean context loyalty is to the individual, the owner or CEO rather than to the organisation, resulting in a pseudo long-term employment ideal. These policies are coming under increasing pressure as Korea fights to stay competitive in the global economy.

Recruitment has shifted from mass employment of new graduates to a demand-driven model and a move from generalist to specialist skills. This is accompanied by more explicit appraisal and performance and merit-based pay, flattening structures and a move to team working. Since lifetime employment has been discarded, job insecurity is a prevalent issue, provoking a high level of interest among employees for training and development to maintain employability.

The erosion of job security has encouraged job mobility, early retirement and an increased need for outplacement activity.

Korean companies needing to recruit local talent for both operational excellence and strategic competitiveness face challenges, in particular the lack of leadership skills to motivate employees to work hard, despite a robust work ethic (Hyuna 2008). Employment engagement among Korean workers is slightly lower than the regional norm. This gap is narrowing due to Korean companies instituting better communication and higher emphasis on work-life balance issues; however, there are still areas requiring improvement, such as performance management, which though widespread is not evaluated well. Issues such as a lack of soft skills – giving feedback and addressing poor performance – have added to the perceived lack of respect between younger managers and older employees, which can threaten workplace relations and impede productivity. The power distance issue in Korea was brought into sharp relief by two Korean airline disasters where the junior co-pilot failed to challenge the captain on errors that eventually led aircraft into hostile airspace. Korea has learned from these events but workplace relations still need to be mindful of the cultural constraints on openness and challenge.

Research by the Boston Consulting Group (2010) concluded that the areas of people management that needed most urgent attention within South Korea were:

- managing talent
- improving leadership
- strategic workforce planning



Vietnam

- There is a shortage of skilled management talent.
- Unsophisticated and harsh models of people management often feed industrial disputes
- An outmoded rote-learning-based education system leads to a poor skills base and leaves the country stuck in labour-intensive production
- There is a need to lift general skill levels beyond low-cost manufacturing and agriculture.

Population (Q1 2010; millions)	88.2
GDP per head (2009per capita \$000)	1,050
Employment (2009; %)	77.0
Male unemployment (2009; %)	2.4
Female unemployment (2009; %)	3.4
% of GDP spent on education	5.3

Source: Economist Intelligence Unit (2010),
Economist World In Figures (2010).

Context

Vietnam has one of south-east Asia's fastest-growing economies. Almost all Vietnamese enterprises are SMEs, with the country taking a lead as an agricultural exporter and more recently attracting considerable income from tourism. Foreign investment has grown and the US is Vietnam's main trading partner. In the cities, the consumer market is fuelled by the appetite of a young, middle class for electronic and luxury goods. However, there is widespread and often chronic poverty and high inflation, which constantly erodes real incomes and feeds wage pressures.

Talent infrastructure

Public education and training are inadequate, based on rote learning and an outdated, politically focused curriculum. The mismatch between education, training and industry leads to skill shortages in a rapidly growing economy (www.ilo.org). The government has instituted a youth employment project that is aimed at developing and delivering training and advice to address youth unemployment (VCC/ILO 2010). However, the principal problem is that vocational education is almost non-existent, leaving an increasing burden for business, particularly foreign investors.

Many of the locally owned SMEs that contract to provide textiles and particularly footwear are taking part in the talent development programmes of foreign multinationals such as Nike and Reebok. Skilled labour is in short supply, especially in the export and industrial processing zones, and inflationary pressure feeds job-hopping by skilled workers.

Talent environment

A one-party Communist state, Vietnam emerged from prolonged military engagement, a war-ravaged and politically isolated country that struggled to find its feet. The government instituted economic and political reforms to facilitate re-integration. The country has shifted from a centrally planned economy to a Socialist-oriented market economy. Party-sponsored unions have a very powerful role politically and economically and often target foreign multinationals. In April 2010 about 2,000 production workers at a Taiwanese-owned footwear factory struck for and secured better pay and benefits. This has parallels with the strike action in China, also against Taiwan-based companies. Management in these plants can be very poorly trained and can cause disputes through 'speed-ups' of the production or arbitrary wage deductions for poor-quality production. The courts tend to side with unions, though the government is beginning to work towards a more conciliatory approach, fearful of losing FDI to other emergent nations. However, in neighbouring Cambodia there have also been waves of strikes, as many look to the rising wages of Chinese workers engaged in the same industries.

Within Vietnam there has been a poor legal infrastructure, highly bureaucratic government departments, associated red tape and corrupt practices.

Culture and society

There is a high degree of ethnic diversity with a complexity of religious influences, such as Confucianism, Taoism, Buddhism, Christianity, Hinduism, Islam and even locally founded religious sects (for example Cao Dai and Hoa Hao). Disparity in wealth

between urban and rural Vietnam is wide. Vietnam has been accused of suppressing political dissent and religious freedom. Government reforms have introduced inequality in many spheres of life in Vietnam, such as income distribution and women's rights.

People management challenges

HRM practices among Vietnamese companies reflect not only the cultural context but also the organisational type (Bartram et al 2009), showing a mixture of traditional personnel management, cost-focused HRM in international joint ventures and private companies. Research on HRM in the Vietnamese context is relatively sparse; however, there are some interesting parallels with China, which like Vietnam and unlike Eastern Europe, maintains a socialist-style market economy and a one-party political system. This can lead to harsh and often inefficient management practices that neglect talent development and focus far too much on costs and performance. There is pressure to change. The growing labour inspection regime for ethical training initiatives, for example, requires evidence of compliance with minimum training standards. What will really shift the focus from labour intensification to talent development will be two issues: first, a recognition that poor management impedes productivity and causes strikes – that means better training for managers and an attention to the development needs of workers; second, a shift up the value chain into higher value output will increase the need for quality and thus more sustainable performance.



Philippines

- Recruitment is dominated by cultural and family values, leading to reduced opportunities and a high rate of unemployment and underemployment among younger people
- Youth unemployment is a crisis situation
- There is a need to move from a cost to an asset view of people
- Family and male-dominated recruitment practices need to be monitored carefully
- Levels of training need to be increased to help develop talent.

Population (Q1 2010; millions)	94.0
GDP per head (2009; per capita \$000)	1,850
Employment (2009; %)	55.1
Male unemployment (2009; %)	8.0
Female unemployment (2009; %)	6.6
% of GDP spent on education	2.6

Source: Economist Intelligence Unit (2010),
Economist World In Figures (2010).

Context

The Philippines has the fourth largest economy in south-east Asia. A mixed economy, it includes food processing, textiles and garments, and electronics and automobile parts and significant natural mineral reserves. Recent natural gas finds have added the country's geothermal, hydro, coal and oil exploration energy reserves, making it one of the richest areas of biodiversity in the world. Initially a fast-growing economy, the Philippines was at one time one of the richest countries in East Asia before slowing into a period of chronic underperformance.

Although there is a large agricultural sector, services are beginning to dominate. Much of the industrial sector is based on manufacturing electronics and other high-tech components, usually from foreign multinational corporations. Call centres using the relatively well-motivated and educated multilingual population have also been a feature.

The service industry contributes over half the economic output with industry accounting for about one third and agriculture less than 20%.

Talent infrastructure

The school system in the Philippines is fairly basic but most receive a good basic education. The main problem is inadequate schooling amongst many youths, who leave school prematurely with resulting unemployment. The poorer 15–17-year-olds forced to drop out of school and start work at an early age are more vulnerable to lower wages, poor working conditions and exposure to hazards than those remaining in school. (ILO/APEC 2009). This has attracted programmes such as the 'Youth Multiversity' programme, which addresses the challenges of high unemployment rates, skills mismatches and unrealistic earning expectations by young job-seekers. There are relatively few job openings (ILO 2009).

This situation is somewhat exacerbated by low numbers of young people pursuing a graduate education (only 21% go on to graduate from the tertiary level: 7% in technical and vocational education and 14% in academic directions). The potential loss in human capital is viewed as a serious problem for the Philippines. This has prompted efforts to address the gaps in further education, introducing improved career guidance, and a ladder education system that promotes ongoing learning. This helps employees to move into more employment-relevant fields and to access scholarships that link training with existing jobs.

Talent environment

Complex minimum wage legislation, which, though leading to very low wages by Western standards (US\$9 per day on average), makes the Philippines a more challenging environment than some of its neighbours in which to operate. Unionisation is also fairly high, though new industries such as service centres tend to avoid this by hiring workers on limited

contracts. The special economic zones where many of the foreign production plants are located are almost free of unions. Strikes have been a problem in recent years; many, though, have been aimed at unpopular governments rather than employers. Productivity-based bargaining is a big feature of Filipino trade union strategy and unions even retrench wage deals when companies are in difficulty. The workforce is generally hard working and productive.

Culture and society

The Philippines is the world's twelfth most populous country and is a multicultural patchwork. The indigenous population are Negritos, now the minority population. Influences from Malay, Hindu, Islamic and Chinese cultures are now significant. Filipino and English are the official languages and Christianity is the main religion, with the majority of the population being Roman Catholic.

Family networks can be a source of influence and even dominance in local areas and family-run businesses tend not to hire outsiders. People tend to do things on a personal basis and are ruled by a code of conduct known in local language as *Hiya*. Managers are implicitly expected to offer help in times of need. The strong influence of family, combined with the cultural values of the Philippines, has kept managerial practices at a personnel management rather than an HRM mode (Gupta and Kleiner 2001). This, however, is changing as branch factories and service centres for global brands such as Procter and Gamble and UPS drive more strategic and meritocratic HR policies.

People management challenges

The Philippines labour market is characterised by high unemployment and underemployment rates, depressed real wages, and significant wage differentials across labour market segments.

Data from the Cranet survey indicates the impact of the skills base in the country on the recruitment practices of organisations (Supangco 2008). Organisations in the Philippines hire casual or temporary employees for service jobs, for example janitorial and messenger positions, while they hire project employees for professional and technical work. The more common types of contingent workers are contractual and casual employees. The use of non-regular, relatively less protected forms of employment give rise for opportunities for discrimination. While initial training is provided to around half of newly recruited production workers, fewer than a third of Philippine organisations provide training for employees (mainly on-the-job) to improve their job skills or facilitate moves between jobs. Even fewer companies appear to provide training to upgrade employee skills, grade or status. Cranet data (2010) indicates that many Philippine organisations still do not use training programmes for younger workers (46% indicated they do not use) or career programmes for younger workers (57% do not use).

The government is attempting to develop a coherent labour market policy focused very much on developing talent and skills through the Department of Labour and Employment (DOLE). Initiatives include strategic industries programmes such as call centre development, and service technician programmes for the growing warranty repair business.

Research by the Boston Consulting Group (2010) concluded that the areas of people management that needed most urgent attention within the Philippines were:

- managing talent
- improving leadership development
- strategic workforce planning.



Malaysia

- There is a pressing need to establish the credibility of HRM and talent development within organizations.
- It is important to challenge the inherent ethnic selection bias that exists for particular jobs.
- Diversity policy and practice should be modelled in order to enable the best from a diverse workforce.
- It is important to build skilled management talent as the country moves up the value chain.

Population (Q1 2010; millions)	28.2
GDP per head(2009; per capita \$000)	8,210
Employment (2009; %)	62.1
Male unemployment (2009; %)	3.6
Female unemployment (2009; %)	3.7
% of GDP spent on education	4.5

Source: *Economist Intelligence Unit (2010), Economist World In Figures (2010).*

The federation of Malaysia was formed in 1963 and is divided into two regions separated by the South China Sea. As one of three countries that control the Strait of Malacca, which has important international shipping access, international trade plays a large role in the Malaysian economy. It was the world's largest producer of tin, rubber and palm oil and now enjoys a large manufacturing base. As a growing and relatively open, state-oriented market economy, Malaysia is the third largest economy in south-east Asia. Consisting of 13 states, it has an elected parliamentary system of government and constitutional monarchy with a king, elected every five years from among nine Malay Sultans. The federal government directs overall policy for finance, education, defence and development while the state governments have exclusive control over natural resources.

Talent infrastructure

Much of Malaysia's talent infrastructure is modelled on its highly successful near neighbour Singapore. Malaysia has not yet entered the PISA ranking

exercise. However, there is evidence that government does not see its education system as fit for purpose. Many Malaysian schools are poor and the rich and connected tend to opt out to foreign-run private schools. The government is determined to force the pace of change. Next year the Ministry of Education is seeking to increase the pre-school enrolment rate from 67% to 72% by involving four- and five-year-olds; pre-schooling is known to have a major impact on individual success in later life. The Ministry is seeking to raise the literacy rate from 87% to 90% and the numeracy rate from 76% to 90%. There are also plans to develop 20 high-performance (HPS) schools and to introduce a rigorous 'carrot and stick' reward programme for school principals with the possibility of a 10% salary deduction for persistent poor performers.

Recognition by both the state and organisations of the importance of development only began to emerge during the 1990s. This was evidenced by the HRD Act 1992, which integrated the HRD council (HRDC) to co-ordinate and develop programmes particularly for the private sector. Taking a lead from Singapore, Malaysia has gone for state-sponsored active training policies. Manufacturing and service sector employers contribute to the HRDC fund, which is used to support training and skills upgrading (Rowley and Abdul-Rahman 2007). The growing professionalisation of Malaysian industry increasingly requires management talent, which has led to an increased demand for business education, often sourced from foreign MBA courses (Quareshi and Luqmani 2009).

Talent environment

The Malaysian economy has expanded to become multi-sector, moving from a rich agriculture, forest and mining economy to a well-developed manufacturing sector, producing a diverse range of goods. During the Asian economic recession, Malaysia suffered steep decline in economic growth due to reduced volumes of exports as a result of reduced consumer demand globally.

The labour legislation in Malaysia is fairly prohibitive but there is also, as in Singapore, a distinctly paternalist approach. The social protection system has been developed over the past 30 years and, with the assistance of the ILO, the country has developed a range of policies on issues such as gender equality in employment, social security, child labour and occupational health and safety, the implementation of a social security scheme for the self-employed and provisions for a social insurance-based retirement pension scheme (Rees and Johari 2010). Unions are weak and are prohibited to organise on an industry or national basis. Company unions are allowed, especially in the electronics and finance sectors, where they can be influential. However, collective bargaining is effectively prohibited. Immigration is another hot potato, with almost 2 million foreign workers, primarily from Indonesia, and many more illegally working. Many Malaysians are reluctant to take jobs in the service and agricultural sectors. Government preferment policies for native Malays, similar to those operated in Gulf nations, mean that many nationals will only work in the high-profile industries. Government intends to limit unskilled workers to a five-year work permit and skilled workers to a ten-year basis in its efforts to bring net immigration down.

Culture and society

Malaysia is a multicultural, multi-ethnic and multi-religious society; indigenous ethnic Malays account for over half the population, followed by Chinese, Indians and others. Islam is the official religion of the country and Malay the official language. Stratification of ethnic groups has led to a predominance of Malays on the subsistence economy (cultivating rice and rubber), with the Indians forming the wage labour in the plantations. The Chinese dominate the commerce and business field. Malaysia is the largest Islamic banking and financial centre in the world, with many of the technical roles filled by foreign professionals. The government aims to increase the number of Muslim Malays who can fill these positions.

People management Challenges

Rees and Johari (2010) suggested that Malaysia epitomises the complexities associated with strategic organisational change initiatives in Asia. Malaysian management is underpinned by a mixture of Confucian, Islamic and Western values. Companies tend to pick and mix Japanese and Western HRM practice to suit their needs, described as still very much personnel management rather than HRM (Rowley and Abdul-Rahman 2007).

Malaysian organisations face the challenge of dealing with a multitude of vested interests in the employment context. HR focuses on issues such as affirmative action and strong paternalistic influences in government and business.

Malaysian managers often find it difficult to be forthright about work-related issues, an area requiring management development interventions to address the tension between national cultural norms and the needs of strategic HRM (Rees and Johari 2010).

The importance of training and development to the development of innovation was highlighted by Ling and Nasurdin (2010). Within Malaysian manufacturing companies, training contributed significantly to innovative processes – the higher the level of training provided, the higher the levels of product, process and administrative innovation. The professionalization of Malaysian industry has increased the need for skilled business talent (Quraishi and Luqmani 2009), which in turn has increased the demand for management education. There has been a corresponding desire to build the management capability at home rather than subcontracting it to MBA schools abroad. The increase in domestic university provision from four in the 1970s to 16 public universities today offering business degrees is an indicator of that policy.

CONCLUSIONS AND PRACTICE POINTERS

It is difficult to summarise the points that have come out of this report because the countries examined have been so varied. If there is one message that should be emphasised, it is exactly that: each country across the world carries the impact of the economic, political, social and technological environment and its own cultural values and norms in different ways. It is therefore wrong to presume that the same human resource management policies and practices will be equally appropriate and effective in each. It is essential that companies and HR managers working globally should take account of the key talent challenges in each country and the environment in which they have to operate when designing HRM and talent management systems and practices. In particular, global talent management should take account of:

- Individual country context: a one-size-fits-all approach to talent management is not appropriate across the world or, indeed, across a region. The context within each individual country should be considered.
- Cross-cultural awareness: different countries have very distinctive cultures and, in particular regions, religious influences that are pervasive. These impact the preferences for ways of being managed and on how businesses operate.
- Talent infrastructure is a critical aspect of operating in any country. It impacts the quality of recruits and, where it is good, improves quality and productivity. Where talent infrastructure is poor, employers often have to take up the slack as they bear the productivity deficit of poorly trained workers.
- Talent management and development appears to be a priority in all countries, albeit there are differences in emphasis as a result of some country-specific issues. Demand for highly skilled individuals is high across the world, so competition for attracting and retaining these individuals is great.
- Political priorities: the goals of the government in each country will affect the nature of human resource management that is appropriate in that country. For example, initiatives to increase the employment of nationals in the Middle East or the mission to improve skills levels in Eastern Europe must be considered when designing talent management systems.

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APPENDIX 1:

REPORT STRUCTURE

Population (Q1 2010; millions)	10.013
GDP per head (2009; per capita \$000)	15,410
Employment (2009; %)	54.6
Male unemployment (2009; %)	9.2
Female unemployment (2009; %)	10.9

Explanation of structure

At the beginning of each country section we provide a basic table on key economic and labour market indicators. We feature data population, gross domestic product (GDP) (economic output) per head and employment data. We also break employment data down by gender because it is a key issue in terms of available talent pools. Lastly we provide an indicator of education spend as a percentage of GDP. None of these figures should be viewed in isolation or without context. For example, Kiribati, a small Pacific island, spends nearly 18% of its GDP on education yet its economy is declining and it has a shortage of skilled workers. Saudi Arabia spends Western levels (around 6%) but schooling is skewed towards religious studies and many key skills have to be imported. Nevertheless, this is a measure of the relative talent development path of a country because in most cases it means human capital is being developed. We believe HR professionals operating from and into different nations should be aware of these key indicators because they will, to an extent, define the talent development environment. Each country has four sections:

Context

This puts the country in context, with a potted history and brief discussion of key milestones in recent development to acquaint HR professionals with the country quickly.

Talent infrastructure

This looks at the bedrock issues of schooling and education as well as government and business support for learning and talent development where appropriate. This is a crucial aspect of the HR operating environment and familiarity with that is essential to decision-making.

Talent environment

This looks at the legal, institutional and political issues, such as the influence of trade unions and employers and the nature of labour protection. Again, these are all important but sometimes overlooked issues when considering a country's talent development prospects.

Culture and society

This covers the important social and religious issues that define how talent is developed and managed and which must be taken into account. These issues, if mishandled or misinterpreted, can make a big difference.

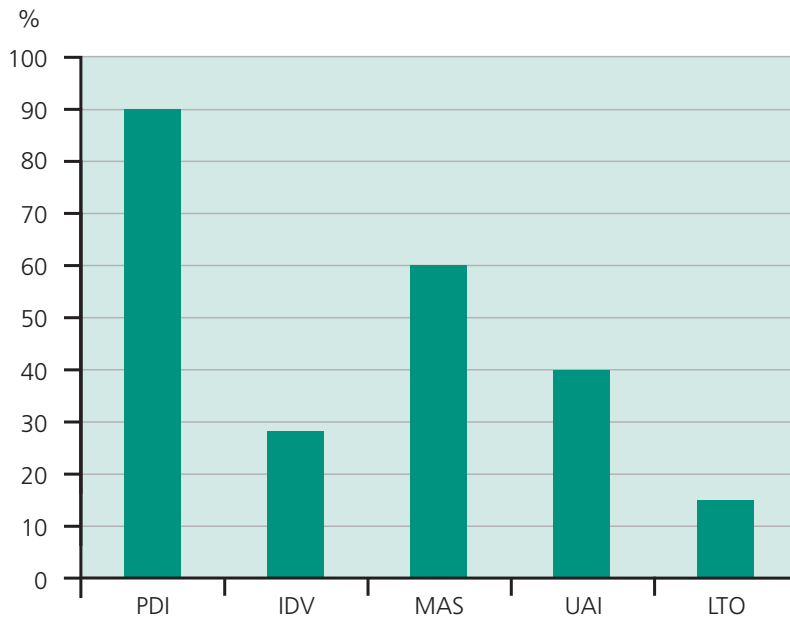
People management challenges

This places the broad HR drivers within the context of these key issues, giving examples of the key people and performance issues within each country.

APPENDIX 2:

MODELS AND INSIGHTS USED

When referring to a country's talent environment, we often use the Hofstede framework: for cross-cultural comparison.



Power Distance Index (PDI) is the extent to which the less powerful members of organisations and institutions (such as the family) accept and expect that power is distributed unequally. This represents inequality (more versus less), but defined from below, not from above. It suggests that a society's level of inequality is endorsed by the followers as much as by the leaders. Power and inequality, of course, are extremely fundamental facts of any society and anybody with some international experience will be aware that 'all societies are unequal, but some are more unequal than others'.

Individualism (IDV) on the one side versus its opposite, collectivism, that is the degree to which individuals are integrated into groups. On the individualist side we find societies in which the ties between individuals are loose: everyone is expected to look after themselves and their immediate family. On the collectivist side, we find societies in which people from birth onwards are integrated into strong,

cohesive in-groups, often extended families (with uncles, aunts and grandparents), which continue protecting them in exchange for unquestioning loyalty. The word 'collectivism' in this sense has no political meaning: it refers to the group, not to the state. Again, the issue addressed by this dimension is an extremely fundamental one, regarding all societies in the world.

Masculinity (MAS) versus its opposite, femininity, refers to the distribution of roles between the genders, which is another fundamental issue for any society to which a range of solutions are found. The IBM studies revealed that (a) women's values differ less among societies than men's values; (b) men's values from one country to another contain a dimension from very assertive and competitive and maximally different from women's values on the one side, to modest and caring and similar to women's values on the other. The assertive pole has been called 'masculine' and the modest, caring pole 'feminine'. The women in

feminine countries have the same modest, caring values as the men; in the masculine countries they are somewhat assertive and competitive, but not as much as the men, so that these countries show a gap between men's values and women's values.

Uncertainty Avoidance Index (UAI) deals with a society's tolerance for uncertainty and ambiguity; it ultimately refers to man's search for truth. It indicates to what extent a culture programs its members to feel either uncomfortable or comfortable in unstructured situations. Unstructured situations are novel, unknown, surprising, different from usual. Uncertainty-avoiding cultures try to minimise the possibility of such situations by strict laws and rules, safety and security measures, and on the philosophical and religious level by a belief in absolute truth; 'there can only be one truth and we have it'. People in uncertainty-avoiding countries are also more emotional and motivated by inner nervous energy. The opposite type, uncertainty-accepting cultures, are more tolerant of opinions different from what they are used to; they try to have as few rules as possible, and on the philosophical and religious level they are relativist and allow many currents to flow side by side. People within these cultures are more phlegmatic and contemplative, and not expected by their environment to express emotions.

Long-Term Orientation (LTO) versus short-term orientation: this fifth dimension was found in a study among students in 23 countries around the world, using a questionnaire designed by Chinese scholars. It can be said to deal with virtue regardless of truth. Values associated with long-term orientation are thrift and perseverance; values associated with short-term orientation are respect for tradition, fulfilling social obligations and protecting one's 'face'. Both the positively and the negatively rated values of this dimension are found in the teachings of Confucius, the most influential Chinese philosopher, who lived around 500 BC; however, the dimension also applies to countries without a Confucian heritage.

Source: www.geerthofstede.com

APPENDIX 3:

GLOSSARY

Collectivism: characterises a society in which people are integrated into strong groups, closely united, even before birth, which continues to protect them throughout their lives, in exchange for unconditional loyalty (opposite to individualism).

Femininity: the characteristic of a society in which social gender roles overlap: both men and women are modest, sensitive and focus on quality of life (opposite of masculinity).

Individualism: the characteristic of a society in which relations between individuals are free: it is expected of a person to take care only of themselves and their close family (opposite to collectivism).

Long- or short-term orientation: focusing on the long term or short term are the extremes of this cultural dimension, which consists of sets of values that have consequences on certain time horizons. The values associated with long-term orientation are persistence, organising relations based on social status, holding the feeling of shame, while those typical for the short-term orientation are personal safety and stability, 'saving face', respect for tradition, the reciprocity in terms of greetings, favours or gifts.

Masculinity: a feature of a society in which social gender roles are clearly separated: it is assumed that men are strong, tough and focused on accumulation of wealth; women are more modest, tender and concerned with the quality of life (opposite of femininity).

Power distance: the extent to which members who have less power in institutions and organisations or in society expect and accept that power is unevenly distributed.

Uncertainty avoidance: the extent to which members of institutions and organisations in a society feel threatened by uncertain, unknown, ambiguous or unstructured situations.

APPENDIX 4:

SOURCES USED

- A search of databases of academic literature pertaining to the 16 countries in question, via the Cranfield University library system.
- Information provided by contacts of the research team, specifically members of the Cranet Network on Comparative Human Resource Management that is co-ordinated by Cranfield School of Management.
- Euromonitor and Economist Intelligence Unit data.
- Economist Intelligence Unit Risk Profiles for all of the countries.
- OECD data on human capital and pupil performance. These indicators are highly regarded and measure reading, mathematics and science among school pupils. They are a reliable predictor of economic performance and underperformance. They are based upon a two-hour test administered to 500,000 pupils worldwide and provide an excellent indicator of the state of the talent infrastructure in a country.

Where appropriate and available, data from surveys conducted by the Cranet Network in 1999, 2003–05 and 2009–10 have also been included in the report.



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